Statement of
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Re: Comprehensive Review of Universal Service Fund Management, Administration, and Oversight, WC Docket No. 05-195

Computer Assets has been a service provider to the Erate program since the Year 3 funding cycle. Prior to this, Computer Assets was a subcontractor on various Erate Projects in New Mexico and Arizona. As a certified small business we have been both positively and negatively affected by the administration of the program.

I would like to take this opportunity to comment on the Following components of the Administration of the Erate Program.

- SERVICE PROVIDER CERTIFICATION
  The process for becoming a certified Erate Service Provider is to simply register for a "SPN #" on the SLD website. There is no verification of federal procurement status or any requirements as to stability of a company or service capabilities. This process allows for the ability of less than adequate and unscrupulous vendors to present themselves as certified Erate vendors to applicants. There are also no pricing guidelines associated with products and services a vendor can offer. This results in poor engineering and substandard product and service fulfillment for many applicants. In the end the program is left with a pool of Service Providers that are not trusted and require a huge amount of oversight after the damage has been done.

  I recommend that the SLD and USAC institute a service provider selection process that would provide assurances to applicants the "Certified Service Providers" have been reviewed and understand the program and what is allowable under the program. This process could be similar to GSA type procurement and would establish some pricing guidelines for geographic areas and service types. I would also recommend that the procurement would offer substantial small business initiatives that would enable a large number of small businesses to participate.

- Simplified Invoicing Audit
  In the last 24 months it has become increasingly hard to receive payment for approved services that have been rendered. Almost 100% of our invoices have taken from 5 to 9 months to be paid. Almost all invoices are not reviewed until after 90 days from submittal. At this point the invoices are audited to ensure that the product invoiced matches the configurations that were originally approved. Unfortunately, most of these configurations are

anywhere from 12 to 24 months old. Most of the specific products listed are usually no longer available from the manufacturers and newer models have to be used to provide the products and services. Currently USAC is requiring a "Service Substitution" be filed for each of these instances. This can add months of processing time and sometimes they are denied. This happens even when it involves newer models of the same equipment (a vintage 2002 PBX to a vintage 2004 PBX) because the names and the descriptions of the components have changed slightly.

Invoice issues are handled uniformly with no regard to the severity of the issue. If an invoice is simply coded incorrectly or if ineligible product is deemed invoices are summarily reduced and very little explanation of the reduction is cited, or invoices are denied and the replacement or corrected invoice enters the process and is handled as a first time invoice which will sit or 90 days before being reviewed. This issue needs to be dealt with in a more reasonable manner.

We believe that the USAC should not require such an audit or hire more technically trained auditors ho can reasonably and quickly review invoices. I personally know of 4 companies that have gone out of business because of this situation. This is the only Federal government program that I know of that does not hold itself accountable for paying vendors and specifically "Small business entities" within 30 days. There also needs to be an Invoice resubmittal process that will help get these invoices paid in a much quicker time frame.

- Service Provider Inclusion in the 471 Application Process
  During the time between the 471 submittal and an actual award, the SLD performs a number of audits that require some technical feedback. Usually the applicant (School or Library) is required to submit this information. We believe in the case of technical information request the auditors should contact the Service Provider so that this information can be forwarded in a much quicker time frame. The Client usually asks the Service Provider for this information, so this would eliminate one extra step.

- SPN Changes
  The SLD allows for applicants to change Service Providers very easily and with very little justification. This is the only federal procurement process that we know of where this occurs. We recommend that a more complete review of this process is in order and that the applicant be required to allow the vendor to address any issues that they have. Many of these changes are based on promises by the other vendor of more products or better pricing and there is no regard to the effort and expense that the Service Provider of record incurred in order to originally win the award.

Many of these changes involve Service providers that have no standing with local and state procurement guidelines. This process also lends itself to be manipulated by unscrupulous and substandard Service Providers.

- Bidding Process Requirement
  Under the current bidding process requirements the SLD has denied applicants who have chosen incumbent vendors who have established State and GSA pricing agreements that meet fair and open procurement guidelines. We believe the SLD has misinterpreted the "multiple bids" requirement to disallow single vendor awards based on these types of price agreements. We believe this determination should set aside and the affected applications should be reviewed and funded where appropriate.

I would like to thank the Commission for the opportunity to comment on these proceedings and their continued support of the Erate program and its administration. I believe the program is of great benefit to students in rural areas and have personally witnessed many of its benefits in the education of young people throughout the United States of America

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